GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:807
ANSWERED ON:28.04.2016
Impact of Reduction in ATF Prices on Airfare
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether due to a steep fall in crude oil prices in international market, the price of Aviation Turbine Fuel (ATF) has been slashed to 11.7% by the oil marketing companies, if so, the number of times prices of ATF has
been reduced, rate and total amount of reduction;

(b) whether the Directorate General of Civil Aviation (DGCA) has taken any steps to bring the exorbitant airfare charged by the airline companies in India, if so, the details thereof;

(c) whether the Government would ensure that reduction in ATF prices which in turn reduces the operating cost of the airlines translate into reduction in airfares;

(d) if so, whether the Government is having any proposal to include ATF in GST provisions to have uniform ATF cost throughout the country;

(e) if so, the details thereof and if not, the reasons therefor;

(f) whether airfares for domestic and international travel are likely to be increased by two per cent; and

(g) if so, the reasons therefor and time by which the draft civil aviation policy is likely to be approved and implemented

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Dr Mahesh Sharma)

(a): Pricing of Aviation Turbine Fuel (ATF) is de-regulated. The Public Sector Oil Marketing Companies (OMCs) take appropriate decision on price of these products in line with changes in the prices in international market and other market conditions. The price of ATF (Rupees/Kl) in
metro cities from April 01,2015 to April 01,2016 is at Annexure-I.

(b) and (c): Air fares are not regulated by the Government. Under the provision of prevailing regulation (Sub rule (1) of Rule 135 of the aircraft Rules, 1937), every air transport undertaking engaged in scheduled air services are required to establish tariff, having regard to all relevant
factors, including the cost of operation, characteristics of services, reasonable profit and the generally prevailing tariff. The fares so established, are required to be displayed by the airlines on their websites in compliance of Sub Rule 02 of Rule 135, aircraft Rule 1937. Airlines
remain compliant with to the regulations as long as the fare charged by them does not exceeds the fare structure displayed on their website.

(d) and (e): The information is being collected.

(f): Air fares are not regulated by the Government.

(g): The Draft Civil Aviation Policy is at the stage of Inter-Ministerial consultations.